Ontario

AGCO

Alcohol and Gaming Commission of Ontario

1998 - 1999

ANNUAL REPORT

2008-03730/

Alcohol and Gaming
Commission of Ontario

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Ontario

MEMORANDUM TO: The Honourable Robert E. Runciman, MPP
Minister
Ministry of Consumer and Commercial Relations

FROM: Clare E. Lewis, Q.C.
Chair
Alcohol and Gaming Commission of Ontario

I am pleased to present for your review, the 1998-1999 fiscal year ANNUAL REPORT for the Alcohol and Gaming Commission of Ontario.

Clare Lewis
Chair

AGCO

Alcohol and Gaming Commission of Ontario

1998 - 1999
Annual Report

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AGCO
Alcohol and Gaming Commission of Ontario

Snapshot Profile

Chair: **Mr. Clare Lewis, Q.C.**
Chief Executive Officer: **Mr. Duncan Brown**

The Alcohol and Gaming Commission of Ontario, an agency reporting to the Minister of Consumer and Commercial Relations (MCCR), regulates the sale, service, and consumption of beverage alcohol to promote moderation and responsible use; and ensures that casino and charitable gaming is conducted in the public interest, by parties operating with honesty, integrity and financial responsibility, and that games of chance are conducted fairly.

KEY ACTIVITIES:

- Licensing and regulating approximately 16,400 establishments that sell or serve beverage alcohol, as well as administering the Special Occasion Permit programme.
- Licensing and regulating Ontario liquor manufacturers and their agents.
- Pre-approving beverage alcohol advertising.
- Inspecting licensed establishments to ensure compliance with the *Liquor Licence Act* and Regulations.
- Registering commercial suppliers and gaming assistants of charitable gaming events, casinos, charity casinos and slot machine facilities (slot machines at racetracks) in accordance with the *Gaming Control Act*.
- Administering the issuance of approximately 50,000 charity gaming licences, in partnership with municipalities.
- Licensing games of chance at fairs and exhibitions.
- Monitoring casinos, charity casinos, slot machine facilities and charitable gaming events for compliance with the *Gaming Control Act* and charity gaming licences.

AGCO VISION:

- To ensure the honesty, integrity and social responsibility of the alcohol and gaming industries through effective regulations which are fair, responsive and in the public interest.

MISSION STATEMENT:

- Promote a supportive business climate through clear rules, streamlined procedures, and options which allow for increased flexibility on the part of the industry.
- Ensure a balance among revenue-generation, economic growth and development, and critical regulatory controls.
- Emphasize front-line activities and make client service and satisfaction an integral part of operations.
- Ensure that fairness to all partners and stakeholders is a major consideration in development, application and enforcement of programs, policies and procedures.

AGCO ORGANIZATIONAL CHART

General Inquiries: (416) 326-8700 or 1-800-522-2876 (toll free in Ontario)

AGCO BOARD OF DIRECTORS

Clare Lewis, Q.C.	**Chair** (Toronto). Chair of the Alcohol and Gaming Commission of Ontario.
G.R. (Randy) Barber	**Vice-Chair** (Thornhill). Businessman, hotel and banking industries and municipal councillor.
Elaine Kierans	**Vice-Chair** (Toronto). Lawyer, bilingual.
Joel Kuchar	**Vice-Chair** (Thornhill). Lawyer.
John Rossetti	**Vice-Chair** (Woodbridge). Partner, firm of chartered accountants.
Stephanie Ball	**Member** (Whitby). Lawyer.
Russell Browne	**Member** (Oakville). Lawyer.
Anne Guillemette	**Member** (Welland). General manager in the hospitality industry, bilingual.
Kirsti Hunt	**Member** (Sudbury). Educator, bilingual.
Breen Keenan	**Member** (Sudbury). Chartered Accountant.
Dr. Lynn Lightfoot	**Member** (Oakville). Psychologist, private practice, with emphasis on treatment of addiction.
William Liske	**Member** (Brampton). Lawyer.
Vaughan Minor	**Member** (London). Chartered Accountant.
Mark Poudrier	**Member** (North Bay). President of consulting firm dealing with health care education in the workplace, educator.

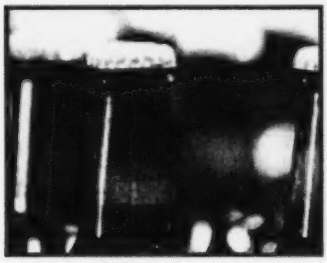
AGCO
Alcohol and Gaming Commission of Ontario

In 1996, Cabinet approved the creation of the Alcohol and Gaming Commission of Ontario (AGCO) which merged the functions and responsibilities of the Liquor Licence Board of Ontario (LLBO) and the Gaming Control Commission (GCC) into a new regulatory agency. The AGCO was established under the *Alcohol and Gaming Regulations and Public Protection Act, 1996* in February, 1998 and is an independent agency reporting to the Minister of Consumer and Commercial Relations.

The AGCO is responsible for administering the following:

- *Liquor Licence Act;*
- *Gaming Control Act, 1992;*
- *Wine Content Act; and*
- Order-In-Council 2688/93.

BACKGROUND:



Liquor Licence Board of Ontario ("LLBO")

Established in 1947, the LLBO was responsible for regulating the sale, service and consumption of beverage alcohol in Ontario to promote moderation and responsible use. Its primary activities included:

- licensing and regulating approximately 16,400 establishments that sell or serve beverage alcohol, as well as administering Special Occasion Permit programme;
- licensing and regulating Ontario liquor manufacturers and their agents;
- pre-approving beverage alcohol advertising; and
- inspecting licensed establishments to ensure compliance with the *Liquor Licence Act* and Regulations.

Gaming Control Commission ("GCC")

The GCC was established under the *Gaming Control Act* (the "GCA") in 1994. The GCC was responsible for the regulation of charitable and casino gaming; and ensuring that those people and companies involved in casino and charitable gaming satisfy high standards of honesty, integrity and financial responsibility, and that games of chance are conducted fairly. Its primary activities included:

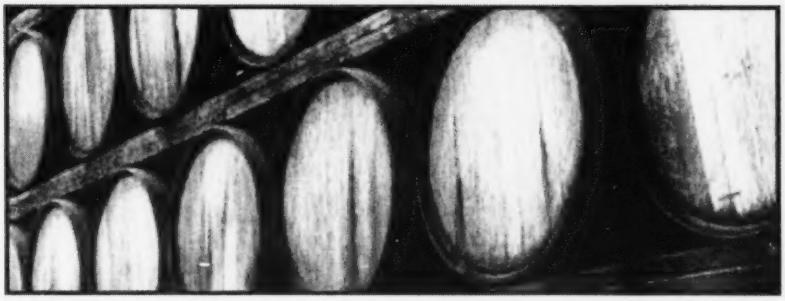
- registering commercial suppliers and gaming assistants of charitable gaming events and casinos in accordance to the *Gaming Control Act* ("GCA");
- administering the issuance of charity gaming licences, in partnership with municipalities. Over 90% of charity gaming licences are issued at the municipal level;
- licensing games of chance at fairs and exhibitions; and
- monitoring the casinos and charitable gaming events for compliance with the GCA, regulations and with terms and conditions that are imposed on charity gaming licences.

THE AGCO's MANDATE:

- ✧ to regulate the sale, service, and consumption of beverage alcohol to promote moderation and responsible use; and
- ✧ to ensure that casino and charitable gaming is conducted in the public interest, by people with integrity, and in a manner that is socially as well as financially responsible.

* Based on Number of Licensees / Registrants

1998-1999 HIGHLIGHTS



- The AGCO executed its responsibility to ensure the July 29, 1998 opening of the permanent Windsor Casino and closing of the interim casinos were completed on time and with appropriate security and staff approvals. Four months after the successful opening of the permanent Windsor Casino, the AGCO also worked to ensure a smooth transition to Casino Niagara's new operator, Falls Management Company.

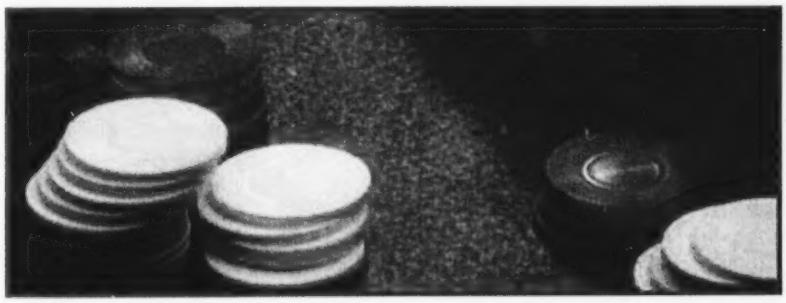
- In 1998, the AGCO managed to maintain service levels during the relocation and merger of the Gaming Control Commission and Liquor Licence Board of Ontario.

- The AGCO successfully opened five (5) regional offices: Ottawa, Thunder Bay, London, Brockville and Sudbury.

- The AGCO continues to communicate with its beverage alcohol stakeholder groups through its newsletter, "Licence Line" (circulated to 19,000 businesses and interested parties).

- An electronic link with the Ministry of Finance has been established to eliminate the need for liquor licence applicants to submit certificates of compliance for Retail Sales Tax. When the AGCO receives a liquor licence application the information is transferred electronically to the Ministry of Finance. The Ministry of Finance checks applicant records and notifies the AGCO electronically of any applicants in arrears of paying retail sales tax. The AGCO notifies the applicant of the situation and the applicant is responsible for clearing up the arrears prior to the liquor licence being issued.

- The AGCO successfully negotiated with several First Nations a proposal under which interested First Nations would be granted lottery licensing authority equivalent to municipal governments in terms of game types and prize levels.



CHANGES TO LEGISLATION.....

- The *Red Tape Reduction Act, 1998* amended the *Liquor Licence Act*. The changes include:

  (1) amending the definition of "Ontario Wine" to permit the manufacture of sake in Ontario;

  (2) elimination of the requirement of Canadian citizenship or residency to obtain a liquor licence; and

  (3) streamlining of operations.

- The Liquor Licence Act was also amended in 1998 to provide authority to licence brew on premises which provide facilities to the public for making beer or wine.

- The Brew on Premises legislation is subject to proclamation.

CHANGES TO REGULATION.....

- The following regulations were made under the *Liquor Licence Act*:

  Ontario Regulation ("O.R.") 211/98 — representatives of licensed liquor manufacturers exempted from licensing requirements;

  O.R. 212/98 — Liquor manufacturers made responsible for conduct of representatives;

  O.R. 244/98 — Indigo Books and Cafe exempted from application of section 6(4) of Regulation 719;

  O.R. 367/98 — Exemption from section 23(1) of Regulation 719 for sale and service of liquor at lottery events conducted and managed by Ontario Lottery Corporation at racetracks;

  O.R. 655/98 — Board of AGCO may approve under Regulation 719 sale and service of liquor in tiered seats at U.S. Hockey Association games;

  O.R. 656/98 — Exemption from section 6(4) of *Liquor Licence Act* for Air Canada Centre.

- The following regulations were made under the *Gaming Control Act*:

O.R. 368/98 — governing registration of racetracks, slot machine suppliers and employees of racetracks with slot operations; requirements for internal security and surveillance; and handling, counting and movement of money and money equivalents.

PROGRAM DELIVERY
CHAIR AND BOARD

The *Alcohol, Gaming, and Charitable Funding Public Interest Act, 1996* (Bill 75) requires that the Alcohol and Gaming Commission of Ontario have a Board of Directors of at least five (5) members appointed by the Lieutenant-Government-in-Council.

The AGCO has a full-time Chair, four (4) part-time Vice-Chairs and nine (9) part-time members.

The Board of Directors ensure the AGCO exercises its powers and duties in the public interest and in accordance with the principles of honesty and integrity and social responsibility.

The Board of the AGCO has a significant governance function and may establish guidelines governing the exercise of any of the powers and duties under Bill 75 and the Acts administered by the AGCO.

The Board conducts required hearings under the *Liquor Licence Act* and the *Gaming Control Act, 1992* to determine the suitability for liquor licences or gaming registration, and conducts public interest hearings to determine suitability for, or revocation of liquor licences. The Board conducts disciplinary hearings and imposes sanctions involving liquor licensees and gaming registrants.

HEARINGS SECTION

The Hearings Section is responsible for the administrative coordination of the hearings before panels of the AGCO's Board of Directors. The primary responsibilities of the section include processing of requests for hearings; issuing the hearing notices and summonses; coordinating the assignment of Board panels and hearing locations; and distribution of written Board decisions.

GAMING - RELATED April 1, 1998 to March 31, 1999	
Total Number of Requests for Hearings	46
Total Number of Hearings Held	12
Total Number Withdrawn	14
Total Number of Decisions Issued	7

ALCOHOL- RELATED April 1, 1998 to March 31, 1999	
Total Number of Hearings	497
Decisions Issued:	
Licences revoked	27
Licences suspended	257
Conditions Removed	2
Licences Issued	47
Refused	20
Withdrawn	16
Other	47
Total Number of Public Meetings	92

CHIEF EXECUTIVE OFFICER

The Chief Executive Officer ("CEO") provides leadership and direction to Senior Executives. Under the overall direction of the Board, the Executive Team shape the value, principles and major operating policies that form the foundation of the AGCO, including formulating and implementing organizational strategies, and exercising strategic control.

COMMUNICATIONS, CORPORATE ISSUES & INFORMATION

This section provides strategic communication advice, preparing material for speeches, news releases, statements and communication information.

The primary responsibilities of this section include recommending and executing programs to manage stakeholder and media relations; providing internal employee and external stakeholder publications; and building an understanding, acceptance, and support of the AGCO's organizational objectives and policy and program priorities by maintaining regular communication with staff.

LEGAL SERVICES

The Legal Services Branch provides legal advice and opinions to the staff of the AGCO to assist them in carrying out their responsibilities. Similar advice is provided to the Chair and the Board of the AGCO, with the exception of advice related to hearings.

The Branch provides a broad range of legal services, including drafting legislation and contracts, assisting in the development of policy, providing advice on statutes such as Freedom of Information, Ombudsman, etc. The Branch reviews Notices of Proposal and represents the Registrar and Deputy Registrar at Board hearings. Legal staff also conduct prosecutions under the *Gaming Control Act, 1992*, and *Liquor Licence Act*, and prepare appeals to Divisional Court and Court of Appeal.

Regulatory Approvals: The Director of Legal Services liaises with casinos, charity casinos and slot machine facility operators on matters related to internal controls, and various approvals required under Regulation 70/94 (now 385/99). The regulations

provide that casino internal controls, and security and surveillance systems must be approved by the Registrar of Alcohol and Gaming before a gaming facility will be permitted to open. Any amendments to such approved systems must also be approved. Standards respecting internal controls, security and surveillance are intended to ensure that: assets are safeguarded; the potential for undetected fraud and error is minimized; criminal acts are deterred and detected; and financial records are accurate, reliable and prepared on a timely basis. In the absence of tight regulatory standards governing internal controls, security and surveillance, revenue streams from casinos, charity casinos and slot machine facilities may be jeopardized.

LICENSING & REGISTRATION

The Licensing and Registration Branch is responsible for reviewing and granting applications for liquor licences, manufacturer's licences, and sales representative's licences, and administering the Special Occasion Permits programme under the *Liquor Licence Act*. The Branch is also responsible for reviewing and granting applications for lottery licences under Order-in-Council 2688/93 and registrations as gaming suppliers and gaming assistants under the *Gaming Control Act*. The Branch pre-clears all beverage alcohol advertising, and develops strategic and operational liquor and gaming policy for the CEO's and Board's consideration, including development of standards and procedures for gaming events. The Branch also provides interpretation of policies and procedures to applicants and the public. In addition, the Branch is responsible for liaison with the AGCO's various liquor and gaming industry associations, stakeholders, municipalities and native communities, as well as local and international agencies.

INVESTIGATIONS

The Investigations Branch is comprised predominantly of seconded members of the Ontario Provincial Police (OPP).

Investigations and enforcement functions are intended to ensure that gaming is conducted honestly and is free from criminal elements and activity. Investigators have specialized training in the rules of play of games of chance and in how the games can be compromised. This specialized knowledge facilitates the laying of charges against alleged cheaters, thereby promoting the integrity of gaming events and assisting in protecting the assets of casinos, charity casinos, slot machine facilities and charity licensees. OPP investigators have a round-the-clock policing presence at the three commercial casinos with an annual visitor count of over 17 million.

OPP investigators conduct criminal investigations in relation to gaming at casinos, charity casinos, slot machine facilities, and licensed gaming events; investigations into alleged breaches of the *Gaming Control Act* and regulations; background investigations on individuals and companies seeking registration under the *Act*; liaise with other law enforcement agencies exchanging intelligence information; and provide specialized support to local law enforcement agencies for gaming-related investigations.

CORPORATE SERVICES BRANCH

Corporate Services Branch provides the Commission with advice on strategic planning and establishes the strategic direction regarding information technology. Corporate Services Branch includes Human Resources, Finance and Administration, Business Planning and Revenue, Information Technology, Forensic Audit and Gaming Compliance.

The Forensic Audit and Gaming Compliance section is responsible for ensuring the honesty and integrity of gaming operations within casinos, charity casinos and slot machine facilities. Auditors and Compliance Inspectors conduct scheduled and random audits for compliance with approved internal control policies, terms and conditions of registrations, *Gaming Control Act* and *Liquor Licence Act*.

ELECTRONIC GAMING DEPARTMENT

The Electronic Gaming Department ensures all new electronic gaming equipment is tested and approved, conducts random and scheduled inspections of approved electronic gaming equipment, and verifies machines when jackpots of $25,000 or more are paid. Over 6,800 electronic gaming devices were tested without disrupting day-to-day casino operations or impeding revenue-generation. This is an increase of 27% from last year.

The purpose of the testing is to ensure that electronic gaming equipment is not susceptible to cheating and meets required standards of randomness, as well as software and hardware standards, thereby protecting gaming consumers from defective equipment. Testing also ensures the accuracy of slot machine management information systems. The functioning of this equipment is important in verifying that revenue is accurately recorded.

The Department is also responsible for the development of electronic gaming regulations, standards and policies for the Province of Ontario.

INSPECTIONS DEPARTMENT

The Inspections Department is responsible for conducting inspections, on a regular and ad hoc basis, of liquor establishments, Special Occasion Permit events, break open ticket licensees and registrants to ensure compliance with the *Liquor Licence Act* ("LLA"), *Gaming Control Act* ("GCA"), regulations and related AGCO policies, terms and conditions and standards. The Department ensures individuals and organizations that manage, conduct or provide services to lottery schemes related to Break Open Tickets ("BOT") are in compliance with the GCA; ensure liquor licensed premises (and Special Occasion Permit events) are in compliance with the *LLA;* respond to, and investigate, all complaints of breaches of either the *GCA* and regulations, or the *LLA;* and where applicable, prosecute and/or recommend to the Registrar of Alcohol and Gaming to take administrative action against registrants, licensees, or permit holders found in breach of the *GCA* or *LLA*.

GAMING: LEGAL FRAMEWORK

THE CRIMINAL CODE

The *Criminal Code* (the "*Code*") establishes what types of gaming activities are legal, and the provinces are assigned responsibility for operating, licensing and regulating legal forms of gaming.

Part VII of the *Code* prohibits gaming in general, while Section 207 (1) allows for a number of exceptions to the general prohibition. Specifically, it permits "lottery schemes" provided that they are:

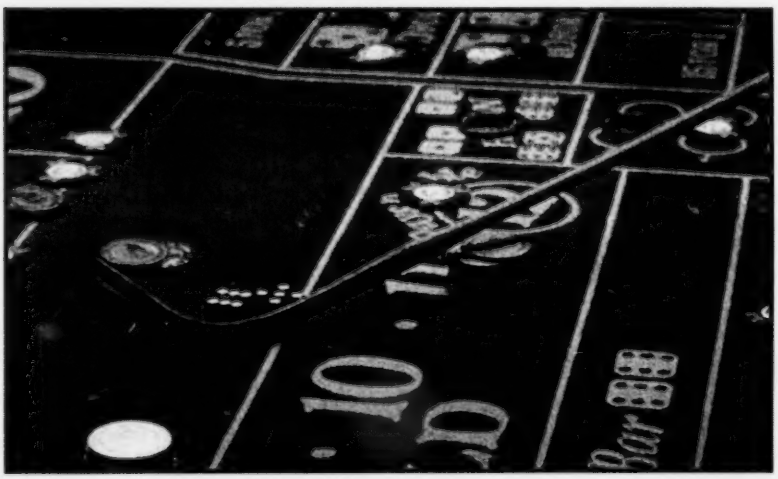
- "Conducted and managed" by the province in accordance with any law enacted by that province;
- "Conducted and managed" by a licensed charitable or religious organization, provided that the proceeds of the lottery scheme are used for a charitable or religious purpose; and
- "Conducted and managed" by a licensed board of a fair or exhibition or by an operator of a concession leased by that board.

All licences must be issued by the province, or someone with authority delegated by the province, such as a municipality.

"Lottery schemes" are defined under the *Code* but do not include:

- Three-card monte, punch board or coin table;
- Book-making, pool selling or the making or recording of bets; and
- Games operated through a computer, video device or slot machine, unless the lottery scheme is managed and conducted by the province. (Sec.207(4))

Only the government of a province can conduct and manage a lottery scheme involving slots or other computerized devices.



THE GAMING CONTROL ACT, 1992

The *Gaming Services Act*, 1992 (the "*GSA*"), which was proclaimed in February of 1993, provided for the regulation of suppliers and gaming assistants at charitable gaming events. When the province decided to legalize casinos later that year, the GSA was amended in 1994 to:

- Extend coverage of the Act to include suppliers and gaming assistants of casinos;
- Provide for the establishment of the Gaming Control Commission - now the Alcohol and Gaming Commission of Ontario; and
- Change the title of the Act from the *Gaming Services Act* to the *Gaming Control Act*.

ORDER-IN-COUNCIL 2688/93

Order-in-Council 2688/93 (the "OIC") provides that charitable organizations may be licensed by either the Registrar under the *Gaming Control Act* (the "Registrar") or, depending on the type of charitable gaming event and the value of prizes to be awarded, a municipal council, to conduct and manage gaming events. The OIC outlines terms and conditions that apply to lottery licences. The OIC also provides that the Registrar may attach additional terms and conditions to any licences he or she issues, and that municipal councils may attach terms and conditions to licences they issue.

In order to qualify for a lottery licence, the organization must have a "charitable object or purpose". Charitable object or purpose is defined at common law and under the OIC as any object or purpose relating to:

- The relief of poverty;
- The advancement of education;
- The advancement of religion; or
- Any other purpose beneficial to the community.

Ontario is one of the largest charitable gaming markets in North America. The AGCO estimates money spent annually by the public on charitable gaming province-wide at approximately $2.0 billion. Licensed charitable gaming in Ontario benefits thousands of local community charitable organizations. The AGCO estimates that charitable organizations in Ontario raised approximately $329 million by holding licensed gaming events.

1998 Estimate of Province-Wide Charitable Gaming Revenues

	Gross Wager	Net Revenues	Charity Profit
Bingos	$1,140,000,000	$296,000,000	$171,000,000
Break Open Tickets	780,000,000	255,000,000	105,000,000
Monte Carlos	–	13,600,000	1,200,000
Raffles	162,000,000	80,000,000	52,000,000
TOTALS	$2,082,000,000	$644,600,000	$329,200,000

AUTHORITY FOR LOTTERY LICENSING

Municipalities are partners with the AGCO in issuing lottery licences. In fact, the vast majority of lottery licences are issued by over 600 municipalities in the province, primarily for bingo and break open ticket licences.

The Order-In-Council provides municipalities with licensing authority:

- bingos with prizes of up to $5,500;
- media bingos with prizes up to $5,500;
- break open tickets for local organizations;
- raffles up to $50,000 in prizes; and
- bazaar lotteries which include: wheels of fortune with a maximum bet of $2.00, raffles not exceeding $500, and bingos up to $500.

The AGCO is the licensing authority for:

- bingos over $5,500 in prizes;
- super jackpot bingos;
- social gaming events (i.e., table game event held in conjunction with a social event);
- raffles over $50,000;
- break open tickets sold in conjunction with other gaming events;
- break open tickets sold by organizations with a provincial mandate;
- fairs and exhibitions; and
- lotteries held in unorganized territories.

The AGCO assists municipalities in exercising their authority by establishing the terms and conditions for each type of licence, providing direction regarding determining eligibility of organizations for licensing, as well as providing assistance with compliance and enforcement. Compliance staff handle many inquires from municipalities seeking guidance on the interpretation of licensing policies and terms and conditions. In addition, compliance staff are often invited by municipalities to deliver information and training sessions for licensing officers, charities and suppliers.

LOTTERY LICENCES AND GAMING REGISTRATIONS ISSUED BY THE AGCO

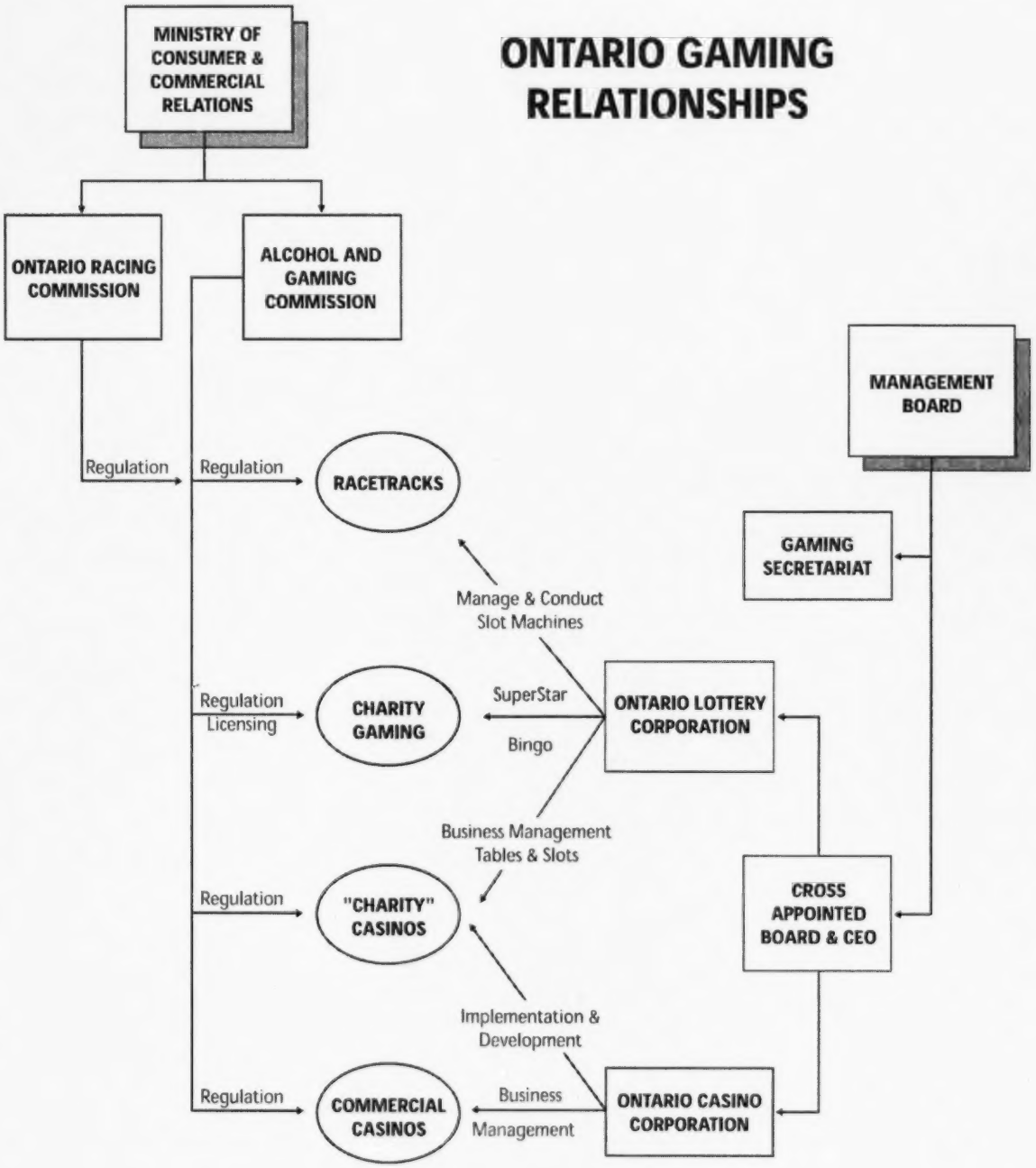
Number of Lottery Licences Issued			
EVENTS For Fiscal Years	FY 1997/98	FY 1998/99	% CHANGE
Bingo	179	152	-15%
Break Open Ticket	1,175	831	-29%
Monte Carlo[1]	3,875	7	(see foot note 1)
Provincial BOT	59	89	51%
Raffle	179	185	3%
Special Bingo	209	159	-24%
Social Gaming Events[2]	9	181	See footnote 2 1,911%
Super Jackpot	839	1010	20%
Other[3]	44	6	-86%
TOTALS	6,568	2,620	-60%

With the elimination of 3-Day Roving Monte Carlo events as of March 31, 1998, there has been a decrease in the number of lottery licences issued by the AGCO.

1. *3-Day Monte Carlo events cancelled as of March 31, 1998*
2. *New lottery event as of **April 1998***
3. *Other includes bazaar, merchandise bingos and wheels of fortune.*

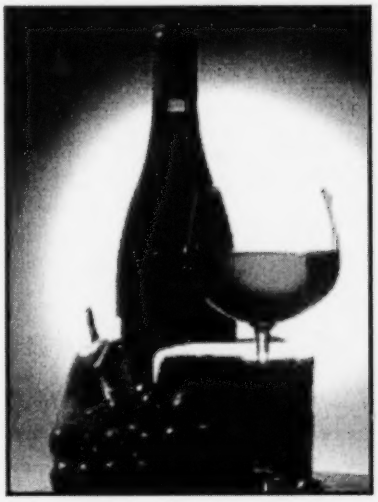
All Gaming Registrations Issued by Type					
Charitable: For Fiscal Year	1994/95	1995/96	1996/97	1997/98	1998/99
Bingo Hall Owner or Operator:					
Class A	28	32	26	20	18
Class B	3	0	0	0	0
Class C	4	1	0	1	1
Bingo Hall with BOTs:					
Class A+	95	120	101	153	171
Class B+	28	27	5	25	27
Class C+	17	17	12	11	12
Gaming Services Supplier	82	109	61	119	146
Gaming Equipment Supplier	89	119	48	104	125
Gaming Equipment Manufacturer	15	14	16	13	25
Bingo Paper or BOT Manufacturer	6	8	1	6	9
Break Open Ticket Seller	7,627	7,863	9,200	9,468	9,277
Gaming Premises Manager	752	862	1,059	1,089	1,052
Gaming Services Employee	2,086	2,211	2,877	2,637	2,201
Bingo Caller	1,168	1,319	1,573	1,619	1,508
Croupier	4,610	4,628	5,857	3,946	1,072
Sub - Total	16,610	17,330	20,826	19,211	15,644
Casinos, Charity Casinos & Slot Machine Facilities					
Casino Operator	1	1	3	3	3
Gaming-Related Supplier	8	10	25	27	38
Non Gaming-Related Supplier	37	65	108	175	175
Key Employee	163	249	803	873	944
Employee	2,248	2,827	8,720	8,202	10,236
Exempt	308	326	1,148	1,670	1,746
Trade Union	1	1	0	1	1
Sub - Total	2,766	3,479	10,807	10,951	13,143
Total Registrants	19,376	20,809	31,633	30,162	28,787

ONTARIO GAMING RELATIONSHIPS



ALCOHOL: LEGAL FRAMEWORK

THE LIQUOR LICENCE ACT



The *Liquor Licence Act* establishes the licensing and regulating regime for the sale or offering for sale of beverage alcohol in Ontario (except for retail sale by the Liquor Control Board of Ontario for home consumption).

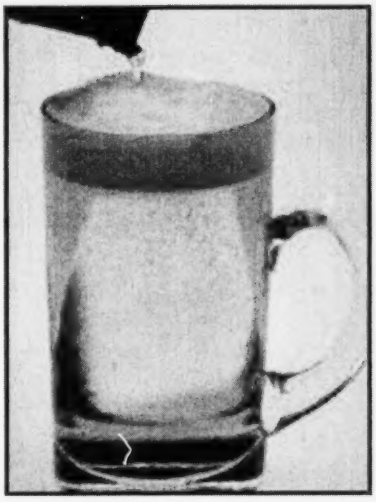
The *Liquor Licence Act* establishes various classes of licence such as,

- licence to sell beverage alcohol;
- licence to deliver beverage alcohol;
- manufacturer's licence; and
- licence to represent a manufacturer of beverage alcohol.

The *Liquor Licence Act* establishes permits for the sale of beverage alcohol on special occasions called Special Occasion Permits (SOPs). For example, cash bars at fundraising events, weddings, and receptions.

Under the *Liquor Licence Act* persons are entitled to a liquor licence unless the applicant does not meet stated criteria such as:

- financial responsibility;
- past or present conduct affords grounds for belief the business will not be carried on with integrity and honesty;
- premises do not meet standards; and
- licence is not in the public interest having regard to needs and wishes of residents of a municipality.



If there is a decision to refuse to issue a licence or permit, or to revoke or suspend a licence, a Notice of Proposal (NOP) is prepared and the applicant or licensee is served with an NOP and is entitled to a hearing by the Board of the AGCO.

The *Liquor Licence Act* also establishes the basic rules for sale and service of beverage alcohol;

- no sale to persons under the age of 19;
- no sale to persons who appear to be intoxicated;
- no sale of beverage alcohol before 11:00 a.m. or after 2:00 a.m. (unless otherwise stipulated);
- no sale of illegal alcohol beverages; and
- sets out where beverage alcohol may be consumed (residence, licensed premises, private place).

The *Liquor Licence Act* and regulations provides for an inspection and enforcement regime to ensure the licensees and permit holders are in compliance with the law and regulations relating to the sale and service of beverage alcohol.

The Regulations under the *Liquor Licence Act* also allow for the review and approval of all advertising for beverage alcohol.

MAIN TYPES OF LIQUOR LICENCES

"Sales Licence" for on premise sale, service and consumption of beverage alcohol (e.g., at bars, restaurants).

"Special Occasion Permits" intended for consumption of beverage alcohol at special occasions such as weddings, charity fundraisers, receptions etc. Special Occasion Permits are issued through select Liquor Control Board of Ontario ("LCBO") stores throughout the province.

"Manufacturer's Licence" gives authority to a manufacturer to sell its wine, beer or spirits to the LCBO.

"Sales Representative's Licence" allows for agent representatives for non-domestic manufacturers to take, canvass for, receive or solicit orders for beverage alcohol.

"Endorsement to a liquor sales licence" when combined with a valid liquor sales licence, an endorsement allows the licence holder to sell and serve liquor under special circumstances such as; catering, room service, mini bar, golf course, wine and brew pubs.

LIQUOR LICENCE APPLICATIONS ISSUED BY TYPE

Alcohol	Fiscal Year 1997/1998	Fiscal Year 1998/1999
New Liquor Licences	1,344	1,245
Liquor Licence Transfers	1,809	1,608
Liquor Licence Renewals	6,930	7,301
Manufacturer Applications (New/Renewals)	118	33
Manufacturer Representatives (New/Renewals)	589	281
Alcohol Beverage Advertisements Reviewed	6,882	4,944
Special Occasion Permits Issued	70,029	73,326
Telephone Inquiries: Alcohol and Gaming	n/a	114,245

WINE CONTENT ACT

The *Wine Content Act* specifies that an Ontario winery can manufacture and sell wine in the province using imported grape or grape products so long as it purchases its yearly quota of Ontario grapes. The Wine Council of Ontario is designated by regulation as the body to determine the quota of Ontario grapes and of what type to be purchased by Ontario wineries. The annual quota of Ontario grapes is set at 25,000 tons. If an Ontario winery chooses to use imported grapes or grape products in manufacturing its wine, the content of each brand of wine manufactured by the winery must be no less than 25% Ontario grapes or grape product. The regulations also stipulate the need for wineries using imported grapes or grape products in their wines to supply the Liquor Control Board of Ontario a copy of each order, bills of lading and, upon request, samples of any imported grapes as well as to demonstrate proof on request of the purchase of their Ontario grape quota.

1998/1999 FISCAL YEAR: REVENUES AND EXPENDITURES		
	Fiscal Year Apr 1/97 to Mar 31/98	Fiscal Year Apr 1/98 to Mar 31/99
REVENUES		
Fees & Levies	$529,575,684	$578,963,333
TOTAL	$529,575,684	$578,963,333
EXPENDITURES		
Salaries and Benefits	$20,046,608	$22,066,580
Other Direct Operating Expenses	10,145,993	12,328,329
Less Recoveries (Note 1)	(20,931,867)	(1,651,961)
TOTAL	$9,260,734	$32,742,948

Note[1] - During the fiscal year 1997/98, the Gaming Control Commission recovered all costs, less $1,000, from it's operating revenues. Commencing in fiscal 1998/99 the AGCO did not offset any expenditures against revenues collected, which were deposited to the government's consolidated revenue fund. The Commission did recover the costs of doing investigations pertaining to registrations of gaming suppliers, from the applicants.

GLOSSARY OF TERMS

Bingo Caller: an individual who is employed by a registered supplier and who, on behalf of the supplier, operates the equipment used for the random selection of numbers and calls the numbers at the playing of a lottery scheme for which a licence is required.

Bingo Hall Owners or Operators: a person who owns or operates a bingo hall which provides facilities, equipment callers, security, storage, event coordination or other related services with respect to the bingo hall.

Bingo Paper or Break Open Ticket Manufacturer: a person who manufactures for sale or distribution to another person bingo paper or break open tickets used in the playing of a lottery scheme for which a licence is required.

Break Open Ticket Seller: a person who sells break open tickets used in the playing of a lottery scheme for which a licence is required if the seller sells the tickets on behalf of a licensee at a premises other than the licensee's premises.

Charity Casino: means a gaming premises where games of chance are conducted and managed by the Ontario Lottery Corporation and includes the premises where ancillary services to the games of chance are provided, but does not include a slot machine facility.

Croupier: an individual who is employed by a registered supplier and who, on behalf of the supplier, deals cards, supervises the playing of a lottery scheme for which a licence is required, operates wheels or otherwise facilitates the playing of the lottery scheme.

Endorsements: The AGCO issues six (6) types of endorsements that allow liquor sales licensees to sell and serve beverage alcohol under specific circumstances. Endorsements are additions to the liquor sales licence. Licensees may hold more than one endorsement but endorsements are only valid when combined with a sales licence. The endorsement types are as follows:

> ***Brew Pub Endorsement*** permits the sale and service of beer manufactured by the licensee on the licensed premises for sale and consumption on the licensed premises.
>
> ***Catering Endorsement*** permits the catering of meals and beverage alcohol to an event that is in an unlicensed area other than a licensed establishment. The catered event must be sponsored by someone other than the licence-holder and the event cannot be more than ten (10) days.
>
> ***Golf Course Endorsement*** permits the sale and service of beverage alcohol to golfers for consumption on the playing area of the golf course. Alcoholic beverages may be served from mobile vending carts which must be operated by an employee who is 18 years of age or over. Non-alcoholic beverages must also be available.
>
> ***Mini-Bar Endorsement*** permits the sale of beverage alcohol from a mini-bar dispenser in a room rented by guests in a hotel or motel located adjacent to the licensed premises

Room Service Endorsement permits the sale and service beverage alcohol to guests registered in a premises such as a hotel or motel provided the hotel or motel is located adjacent to the licensed establishment.

Wine Pub Endorsement permits the sale and service of wine manufactured by the licensee on the licensed premises for sale and consumption to patrons on the licensed premises.

Gaming Employee: means an individual who is employed in the operation of casino, charity casino or slot machine facility, whose regular duties require access to any area of the premises used for gaming-related purposes and who does not supervise other individuals, but does not include an employee whose activities, in the opinion of the Registrar, do not affect the integrity of the operation of the gaming premises.

Gaming Equipment Manufacturer: a person who manufactures for sale or distribution to another person any device or thing used in the playing of a lottery scheme for which a licence is required, except bingo paper and break open tickets.

Gaming Key Employee: means an individual who is employed in the operation of a gaming premises that is a casino, charity casino or slot machine facility and who (a) exercises significant decision-making authority with respect to the operation of the gaming premises; (b) is the head of a department that is responsible for human resources, accounting, audit, purchasing or compliance with respect to the gaming premises; (c) in the opinion of the Registrar, supervises gaming employees employed in the operation of the gaming premises; or (d) under contract with the Ontario Casino Corporation, the Ontario Lottery Corporation or the operator of the gaming premises, provides training to individuals in gaming, dealing, equipment installation, maintenance or repairs or any other gaming-related aspect of the premises.

Gaming Premises Manager: an individual who is employed by a registered supplier and who, on behalf of the supplier, manages premises kept for the playing of a lottery scheme for which a licence is required by supervising other registered gaming assistants or by managing facilities, equipment, security or other related services.

Gaming-Related Supplier: means a person (individual, corporation, organization, association or partnership), other than the Ontario Casino Corporation or the Ontario Lottery Corporation, who, (a) manufactures, provides, installs, maintains or repairs gaming equipment or provides gaming services that, (i) could influence the outcome of a game of chance that is held in a casino, charity casino or slot machine facility, or (ii) is integral to the conduct, management or operation of a game of chance described in subclause (i); (b) provides, installs, maintains or repairs a surveillance system for a casino, charity casino, or slot machine facility; (c) manufactures, provides, installs, maintains, repairs or operates a gaming management system; (d) operates a casino, charity casino, or slot machine facility, or (e) under contract with the Ontario Casino Corporation, the Ontario Lottery Corporation or the operator of a gaming premises that is a casino, charity casino, or slot machine facility, provides training to individuals in gaming, dealing, equipment installation, maintenance or repairs or any other gaming-related aspect of the gaming premises, but is not a registered gaming key employee.

Gaming Services Employee: an individual who is employed by a registered supplier and who provides the supplier with administrative, management, consulting or sales services with respect to the organization of a lottery scheme for which a licence is required.

Gaming Services Supplier: a person who provides gaming services for a lottery scheme for which a licence is required, including arranging the scheme, providing management, administrative or consulting services, supplying the services of registered gaming assistants or providing other related services, but does not include a bingo hall owner or operator.

Non-Gaming-Related Supplier: means a person who provides goods or services that relate to the construction, furnishing, repair, maintenance or business of a casino, charity casino, or slot machine facility, but that is not directly related to the playing of games of chance, and includes a landlord of premises used for gaming-related purposes.

Operator: means a registered gaming-related supplier who operates a gaming premises that is a casino, charity casino, or slot machine facility under contract with the Ontario Casino Corporation or Ontario Lottery Corporation.

Trade Union: means a trade union within the meaning of the Labour Relations Act, 1995 that represents persons employed in a gaming premises.